

January 12, 2007

TO ALL INTERESTED PARTIES:

On December 5, 2006, the Department held a public hearing to consider amendments to the Northern and Southern California Stabilization and Marketing Plans for Market Milk. The amendments under consideration regarded changes to the Class 1 pricing formula.

Having carefully weighed the contents of the hearing records, the Department has decided to:

- Adopt a butter adjuster of $-\$0.118/\text{lb}$.
- Include a dry whey factor with an adjuster of $-\$0.85/\text{cwt}$. in the CRP portion of the Class 1 pricing formula.
- Adopt a CRP adjuster of $+\$0.147/\text{cwt}$.

The adjustments to the Plans will take effect for milk delivered to processing plants on or after February 1, 2007.

Copies of the Hearing Determinations and a more detailed explanation of the Department's decision may be obtained from the Dairy Marketing Branch website at www.cdfa.ca.gov/dairy. From this page, click on [*Announcements, Hearings and Statutes*] and then on the [*Dairy Hearings Matrix*] link.

An estimated impact analysis of the how the changes might impact prices is shown on the next page. It is based on the assumption that the changes were in effect over the five-year period January 2002 to December 2006. While this estimate is a good indication of what would have happened under the economic conditions at that time, it is not necessarily a good indication of what will happen in the future.



**Changes and Impacts of Hearing Determinations
January 2002 to December 2006, unless otherwise indicated**

Changes	Old	New
Butter Adjuster (\$/lb)	-\$0.10	-\$0.118
CRP Adjuster	+\$0.464	+\$0.147
Whey Factor		
Yield (lb/cwt)	n.a.	5.8
Whey Adjuster (\$/cwt)	n.a.	-\$0.85
Price (\$/lb)	n.a.	Western Dry Whey from Dairy Market News

Impacts	Class 1	Pool ^{1/}
	\$/cwt	¢/gal
Five Year Average	+\$0.06	+0.6¢
2006 Annual Average	+\$0.44	+3.8¢

^{1/} Estimated

Should you have any questions or desire further information, please contact me at (916) 445-5055.

Media contacts and publication staff are asked to contact the Department's Public Affairs Office by e-mail at officeofpublicaffairs@cdfa.ca.gov or by phone at (916) 654-0462.

Sincerely,

Original Signed By

Kelly Krug, Director
Division of Marketing Services